



Senate

General Assembly

January Session, 2007

File No. 150

Senate Bill No. 1261

Senate, March 27, 2007

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING PUBLIC INVESTMENT COMMUNITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 7-545 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2007*):

3 (a) As used in this section: [and section 7-546:]

4 (1) "Secretary" means the Secretary of the Office of Policy and
5 Management;

6 (2) "Municipality" means any town, consolidated town and city or
7 consolidated town and borough;

8 (3) "Per capita income" [and "population"] for each town means that
9 enumerated in the most recent federal decennial census of population
10 or that enumerated in the current population report series issued by
11 the United States Department of Commerce, Bureau of the Census,
12 whichever is more recent and available on January first of the fiscal

13 year [three] two years prior to the fiscal year in which [payment is to
14 be made pursuant to this section] the eligibility index is prepared
15 pursuant to subsection (b) of this section;

16 (4) "Adjusted equalized net grand list per capita" means the most
17 recent adjusted equalized net grand list per capita determined for each
18 town pursuant to section 10-261;

19 (5) "Equalized mill rate" means the tax rate derived from the most
20 recent available grand levy of a town divided by the equalized net
21 grand list on which such levy is based as determined by the secretary
22 in accordance with section 10-261a;

23 (6) "Per capita temporary family assistance" means the number
24 obtained by adding together the unduplicated aggregate number of
25 children eligible to receive benefits by town under the temporary
26 family assistance program in October and May of each fiscal year, and
27 dividing by two, such number to be certified and submitted annually,
28 no later than the first day of July of the succeeding fiscal year, to the
29 secretary by the Commissioner of Social Services. Such number shall
30 be expressed as a percentage of the population of a town;

31 (7) "Unemployment rate" means the average unemployment rate of
32 a town as reported by the Labor Commissioner on the first day of July
33 for the latest available twelve-month period;

34 (8) "Eligibility index" is a measure of local burden determined by
35 calculating a town's disparity in relation to all municipalities. Points
36 shall be allocated for each of the following factors: (A) Per capita
37 income, (B) adjusted equalized net grand list per capita, (C) equalized
38 mill rate, (D) per capita temporary family assistance, and (E)
39 unemployment rate. For each factor the variance shall be the difference
40 between the first percentile and the one-hundredth percentile town
41 factors. In calculating the eligibility index for unemployment rate, per
42 capita temporary family assistance and equalized mill rate, the factor
43 for the first percentile town shall be subtracted from the factor for the
44 town and the result divided by the variance and multiplied by one

45 hundred. In calculating the eligibility index for per capita income and
46 adjusted equalized net grand list per capita, the factor for the first
47 percentile town shall be subtracted from the factor for the town and
48 the result shall be divided by the variance and multiplied by one
49 hundred. The product of such multiplication shall then be subtracted
50 from one hundred. The index points for all factors shall be totalled by
51 town resulting in the overall eligibility index. The eligibility index
52 listing shall be ranked for all towns from highest to lowest points
53 according to need;

54 (9) "Public investment communities" are municipalities requiring
55 financial assistance to offset their service burdens with eligibility
56 defined as one which is in the top quartile of the "eligibility index"
57 scale;

58 (10) "Grand levy" means the mill rate of the town multiplied by the
59 net taxable grand list of the town and includes the value of special
60 service districts if such districts contain fifty per cent or more of the
61 value of total taxable property within the town;

62 (11) "Population" of a town means that enumerated in the most
63 recent federal decennial census of the population or that enumerated
64 in the current population report series issued by the United States
65 Department of Commerce, Bureau of the Census available on January
66 first of the fiscal year two years prior to the fiscal year in which the
67 eligibility index is prepared pursuant to subsection (b) of this section,
68 whichever is most recent, except that for any town whose enumerated
69 population residing in state or federal institutions within such town
70 and attributed to such town by the census exceeds forty per cent of the
71 population of such town, "population" shall not include persons who
72 are incarcerated or in custodial situations, including, but not limited to,
73 jails, prisons, hospitals or training schools or persons who reside in
74 dormitory facilities in schools, colleges, universities or military bases.

75 (b) On or before July 15, 1994, and annually thereafter, the secretary
76 shall prepare the eligibility index for Connecticut municipalities. A
77 municipality shall continue to be a public investment community for

78 the fiscal year in which such municipality is not included in the top
79 quartile of the eligibility index scale and for the following four fiscal
80 years.

81 Sec. 2. Section 7-546 of the general statutes is repealed. (*Effective from*
82 *passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	7-545
Sec. 2	<i>from passage</i>	Repealer section

CE *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Policy & Mgmt., Off.	GF - None	None	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Office of Policy and Management to use more updated demographic information when preparing the Public Investment Community (PIC) index. Whereas this may change which communities are designated PIC towns, the bill permits towns to remain on the list for the next five fiscal years resulting in no state or municipal fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**SB 1261*****AN ACT CONCERNING PUBLIC INVESTMENT COMMUNITIES.*****SUMMARY:**

By law, the Office of Policy and Management (OPM) prepares an annual index used to designate the most fiscally distressed towns (i.e., public investment communities (PICs)). The designation originally qualified these towns for multi-purpose grants under a 1992 economic development program that was funded only once in 1993. The legislature also uses the PIC designation as an eligibility criterion for several other programs.

This bill eliminates the grant provisions and requires OPM to prepare the index using more recent demographic data. Instead of using data from three fiscal years before OPM awarded the grants (i.e., FY 90), the bill requires OPM to use data from two fiscal years before calculating the index (e.g., FY 05 for the 2007 index).

It also requires OPM to adjust a town's population estimate if more than 40% of its population resides in a state or federal institution and provides a five-year grace period for towns that no longer meet the designation criteria, allowing them to remain eligible for grants under other programs.

EFFECTIVE DATE: July 1, 2007, except for the provision repealing the original PIC program, which takes effect upon passage.

POPULATION ESTIMATES

The bill requires OPM to adjust a town's population estimate if more than 40% of its population resides in a state or federal institution. These people include those who are incarcerated or in custodial

situations, including jails or prisons; hospitals or training schools; school, college, or university dormitories; or military bases.

MAINTAINING PIC DESIGNATION

By law, OPM annually designates as PICs the 42 towns in the top quartile in a ranking of all towns from the most to least distressed. A town's rank could change from year to year. Consequently, a town's rank could fall below 42, causing it to lose its PIC designation, while another town's rank rises to or above that number.

Under the bill, a town whose rank drops below 42 retains its PIC designation for fiscal five years without affecting the ranks of the other towns. Under current law, these towns keep the PIC designation only for the original PIC grants. In practice, OPM maintains designations for five years, which allows the towns and their residents and businesses to qualify for funds under other programs.

BACKGROUND

Preparing the PIC Index

By law, OPM prepares the annual PIC index by scoring and ranking towns based on residents' income, tax base and tax rates, share of residents who are unemployed, and share who receive temporary family assistance. It must use estimates of town population and per capita income from the current population report series of the U.S. Census.

Programs Using the PIC Designation as an Eligibility Criterion

Table 1 lists and describes the programs using the PIC designation as an eligibility criterion and explains how it benefits PIC towns, their residents, or businesses located in these towns.

<i>Program</i>	<i>Citation</i>	<i>Description</i>	<i>Benefit to Town</i>
Urban Action Bonds	§4-66c	Funds for physical development projects based on project or town criteria	Eligibility limited to projects in PICs, distressed municipalities, and state designated urban centers
Community	§8-240k-	Funds for small businesses and	70% of funds must go to projects in

Economic Development Program	8-240n	community projects creating jobs or physically improving distressed neighborhoods	PICs and targeted investment communities (i.e., the 17 towns with enterprise zones)
Residential Mortgage Guarantee Program	§8-286	Loans to cover down payments on home mortgage loans financed by the Connecticut Housing Finance Authority	Eligibility limited to people purchasing homes in PICs.
Malpractice Insurance Purchase Program	§ 19a-17m	Funds malpractice liability insurance for eligible health care professionals	Eligibility limited to professionals providing services at community health care centers and other eligible sites in PICs
Enterprise Corridor Zone Program	§ 32-80	State-reimbursed property tax exemptions and corporate business tax credits for eligible businesses building or expanding facilities and creating jobs in state-approved zones	Eligibility for zones limited to groups of three or more contiguous towns that are PICs and distressed municipalities with fewer than 40,000 people. At least half of the towns must be located along the same major highway.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 19 Nay 1 (03/13/2007)